



# Department of Justice

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**JUSTICE DEPARTMENT APPROVES PROPOSAL BY ASSOCIATION OF  
INDEPENDENT CORRUGATED CONVERTERS TO ALLOW JOINT SELLING BY  
ITS MEMBERS**

WASHINGTON, D.C. -- The Department of Justice today approved a proposal by the Association of Independent Corrugated Converters (AICC) that would allow its members to jointly sell corrugated paper materials to customers who would like to purchase their supplies from one source.

In a business review letter issued today by Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, the Department said that AICC's proposal would not likely raise risks to competition because its members are not direct competitors with one another. The Department also said that the proposal may allow AICC's members to compete more effectively and efficiently which could have a procompetitive effect.

AICC is a trade association of non-publicly traded manufacturers of corrugated paper packaging material. AICC members collectively account for only 15-20 percent of all corrugated paper packaging materials sold in the United States.

According to the proposal, a number of corrugated paper customers only want to purchase materials from manufacturers who have enough plants to efficiently supply all of the customer's national or regional accounts. AICC believes that its members have lost a significant amount of national and regional business to larger multiplant manufacturers, as a result of their small size and the limited number of plants.

To remedy its members' competitive disadvantage, AICC proposes to establish a model that would allow its members to form joint selling entities (JSE) that could efficiently sell to national and regional accounts. Under the AICC model, one member would organize the JSE and select other members, who were not rivals of the lead member in any market, to help it bid on national or regional accounts. The lead member would negotiate the contract with the customer and subcontract portions of the work to the other participants in the JSE or invite bids from other members. No member of the JSE, other than the lead member, would be advised of the prices quoted by any other member, or of the price quoted by the lead member to the customer. The JSE would not contain any member that is capable of meeting, by itself, the needs of the national or regional customer. The lead member would not solicit a bid from any other member for a portion of a customer's business that the lead member could itself supply. Participation in any JSE would be voluntary; and could be terminated by any member who had satisfied its contractual obligation to specific customers. Participation in a JSE for one contract would not prevent a member from bidding against the JSE, either singularly or as part of another JSE, for other customers. Various JSE's could compete against each other and no JSE would identify its existence or membership to any other JSE.

Under the Department's Business Review Procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place,

325 7<sup>th</sup> Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day period, the documents supporting the business review will be added to the file.

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